

21 April 2016

MirLand Development Corporation plc

("MirLand" or the "Company")

Statement re: Restructuring Update

The Company announced on 13 April 2016 (the "**Previous Announcement**"), inter alia, that it had previously received US\$4m funding from Jerusalem Economic Ltd., Industrial Building Corporation Ltd. and Darban Investments Ltd. (the "**Majority Shareholders**"), who together hold approximately 85.9% of the Company's issued share capital.

These funds have been applied as general working capital while the Company finalises the proposed restructuring on terms to be agreed with its bondholders as set out in the Previous Announcement (the "**Proposed Restructuring**") and form part of the US\$6m commitment made as part of the original proposed bond restructuring plan as announced by the Company on 7 July 2015 and further detailed in the announcement of 17 December 2015.

The principles of the Proposed Restructuring as set out in the Previous Announcement are as follows:

- (a) approximately USD\$180m of the debt owed to the bondholders will be converted into equity in the Company, leaving approximately US\$45m of outstanding bonds (the "**Remaining Debt**");
- (b) the Majority Shareholders will be asked to commit to providing funding of US\$25m in aggregate (including US\$4m which has previously been provided to the Company) in return for approximately a 40% interest in the Company's equity. Of this US\$25m, US\$5m is to be paid to the bondholders (excluding the Majority Shareholders and members of the Fishman family) pro rata to their holdings of bonds in the Company;
- (c) the bondholders will have approximately a 60% interest in the Company's equity; and
- (d) the Remaining Debt will remain unsecured and will be restructured on the following basis: (1) repayment of the Remaining Debt will commence in 2021 with three equal annual instalments, (2) the Remaining Debt will bear an annual interest of 1% which will start to be paid in December 2017, (3) the Company will have the right to repay the Remaining Debt at any time and at its sole discretion without incurring any fees or penalty, (4) there will be no limitation or restriction on the Company raising any additional secured debt and (5) events of default will only be in accordance with Israeli securities law.

The Company has now received a further US\$2m funding from the Majority Shareholders, the final instalment of this US\$6m commitment, as additional working capital. These funding amounts together represent an advance on the planned equity funding commitments of the Majority Shareholders to the bondholders to support the Proposed Restructuring, in line with previous announcements. This advance is unsecured and does not bear any interest. In the event the Proposed Restructuring does not proceed, the advance will become interest bearing at a rate to be agreed between the Company and the Majority Shareholders.

The remaining US\$2m funding, when aggregated with the previous US\$4m funding, represents a related party transaction pursuant to the AIM Rules for Companies ("**Related Party Transaction**"). The Company's directors (excluding Eliezer Fishman and Eyal Fishman, given their interests in the Majority Shareholders) consider, having consulted with its Nominated Adviser, Investec Bank plc, that the terms of the Related Party Transaction are fair and reasonable insofar as its shareholders are concerned.

MirLand Development Corporation plc

Roman Rozental

roman@mirland-development.com

+7 495 787 49 62

+7 499 130 31 09

FTI Consulting

Dido Laurimore / Tom Gough / Ellie Sweeney

+44 20 7327 1000

Investec Bank plc

Jeremy Ellis / David Anderson

+44 20 7597 4000